

Office Memorandum • UNITED STATES GOVERNMENT

TO : The Director

FROM : Assistant General Counsel

SUBJECT: Proposed CIA Legislation

DATE: 16 February 1949

1. While this brief of proposed CIA legislation points out the differences between last year's draft and the new material requested in this year's version, the staff of both Armed Services Committees, but more particularly that in the House, suggests that you approach this as a completely new bill and not consider it in terms of the old bill and the new material. None of those on the present House subcommittee sat on the subcommittee which heard our legislation last year.

2. Attached herewith is a list of the House Armed Services subcommittees. We will appear before Subcommittee number 3, with Mr. Blanford acting as the professional staff member.

3. No attempt has been made in this brief to put in the page and line numbers, as the new Senate bill is not yet available.

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Walter L. Pforzheimer
Assistant General Counsel

SPIES

WASHINGTON -- AMERICAN SPIES AND THEIR "CONTACTS" ABROAD FURNISH ABOUT 20 PER CENT OF THIS NATION'S INTELLIGENCE ABOUT MILITARY AND POLITICAL AFFAIRS IN OTHER COUNTRIES.

ONE OF THE PURPOSES OF A MYSTERIOUS BILL APPROVED BY THE HOUSE ARMED SERVICES COMMITTEE, WITH RECOMMENDATION FOR QUICK ACTION BY THE HOUSE, IS TO ENCOURAGE AND COMPENSATE FOREIGN CITIZENS FOR THEIR HELP TO UNITED STATES AGENTS.

THE AMERICAN ESPIONAGE SYSTEM HAS BEEN OPERATING ON A SHOESTRING, WITH FEW FUNDS AND NO PRECISE LAW PROVIDING FOR SPY WORK OR PAYMENT TO INFORMERS. THE HOUSE BILL, AMONG OTHER THINGS, WOULD CLOAK THE CENTRAL INTELLIGENCE AGENCY WITH DEFINITE AUTHORITY FOR SUCH OPERATIONS.

TO PROVIDE FOREIGN "CONTACTS" WITH ASSURANCE OF REFUGE, IT WOULD ALLOW THE AGENCY TO BRING INTO THE UNITED STATES EACH YEAR UP TO 100 PERSONS WHO HAD PROVIDED USEFUL INFORMATION.

AMERICAN INTELLIGENCE MEN LONG HAVE COMPLAINED THAT THEY WERE UNABLE TO MATCH THE OPERATIONS OF OTHER POWERS, SUCH AS BRITAIN, THE FORMER SYSTEM OF GERMANY AND JAPAN, AND NOW RUSSIA.

THEY CONTENDED THEY LACKED THE MEANS TO BUY INFORMATION AND COULD NEVER BE SURE WHETHER THEIR NEGOTIATIONS WERE ENTIRELY WITHIN THE LAWS AND POLICIES OF THEIR OWN GOVERNMENT.

DURING THE WAR, THE UNITED STATES COOPERATED CLOSELY WITH THE EXCELLENT INTELLIGENCE NET OF THE BRITISH. NOW, WITH THE FORMAL ALLIANCES OF WARTIME ENDED, THE UNITED STATES MUST BUILD UP ITS OWN SYSTEM.

IT HAS BEEN POINTED OUT THAT THE NEED FOR POLITICAL AND MILITARY INTELLIGENCE--INFORMATION ON THE INTENTIONS OF A FOREIGN POWER--IS BECOMING INCREASINGLY CRITICAL AS THE COLD WAR WITH RUSSIA DRAGS ON.

OFFICIALS CHARGED WITH SETTING UP A RADAR AIRCRAFT WARNING SYSTEM HAVE EXPLAINED THAT, AT LEAST, THIS "PICKET FENCE" CAN BE ONLY PARTIAL PROTECTION AGAINST AIR ATTACK; THE FIRST WARNING MUST COME FROM INTELLIGENCE.

AB930A 2/24

Feb. 23, 1949

I have been requested to briefly outline Section 6 8 of the bill that I introduced, directed to the administration of the Central Intelligence Agency.

In restricting my comments to this section, I do not wish to give the impression that this is the primary purpose or major portion of the bill as it is only one incident section of a measure the purpose of which is to afford to and outline the necessary authority for the proper and efficient administration of the Central Intelligence Agency in order that it may correlate and evaluate information necessary for national security.

Among other things the bill relates to the procurement of the Agency's supplies, matters of personnel, expenditures, and other related authorities necessary to its administration, and to the creation of a career service in the field of national intelligence. In our opinion the Agency's work and obligations in this vital field of national security have been sufficiently important to justify the development of this service on a career basis.

The section to which your inquiry was directed provides that whenever the Director of Central Intelligence and the Attorney General determine that the entrance of an alien for permanent residence in the United States is ^{essential} ~~essential~~ to the furtherance of the national intelligence mission, such alien and his immediate family shall be given entry into this country without regard to such admissibility under existing immigration laws and regulations.

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CONGRESSIONAL RECORD—DAILY DIGEST

FEBRUARY 21

and fiancées of members of the U. S. armed forces (H. Rept. 150);

H. R. 253, relating to the appointment of postmasters under civil service (H. Rept. 151); and

Six private bills, H. R. 729, 1878, 1599, 2268, 2704, 2708 (H. Repts. 152-157, respectively). Page 1500

Death Gratuity: Adopted H. Res. 90, providing for payment of 6 months' salary to the estate of a deceased House employee and \$250 to defray funeral expenses. Page 1466

Inter-American Affairs: Received message from President requesting the continuation and expansion of the cooperative programs in public health, sanitation, education, and agriculture with the other American Republics through the Institute of Inter-American Affairs. The message was referred to the Committee on Foreign Affairs. Page 1469

Consent Calendar: Passed the following bills on the call of the Consent Calendar:

Cleared for the President:

Stamp: S. 492, in lieu of H. R. 1432, to issue a special stamp commemorating two hundredth anniversary of founding of city of Alexandria, Va.

Sent to the Senate without amendment:

Land conveyance: H. R. 164, to convey certain lands to Churntown Elementary School District, Calif.

Land disposition: H. R. 1401, disposition of recreational demonstration project lands to Mount Hope Cemetery Association of Waterloo, Mich.

Pinellas County, Fla.: H. R. 1998, to correct a land description in Public Law 666 (80th Cong.) which conveyed certain lands to Pinellas County, Fla.

Relief: H. R. 1509, for the relief of the city and county of San Francisco.

Sent to Senate, amended:

Relief: H. R. 967, for the relief of the city of El Paso, Tex.

Passed over without prejudice: H. R. 1959 and H. R. 1997. Pages 1469-1472

Suspensions: The House voted to suspend the rules and passed the following two bills:

GAO Building: S. 713, authorizing the construction of and increasing the limit of cost of General Accounting Office Building from \$22,850,000 to \$25,400,000. H. R. 2626, a similar bill, was tabled.

Overtime compensation: H. R. 858, to clarify the overtime compensation provisions of the Fair Labor Standards Act as applied in the longshore, stevedoring, building and construction industries (amended). H. Res. 111, providing for consideration of H. R. 858 was tabled. Pages 1472-1479

Education and Labor: Adopted H. Res. 75, authorizing the Committee on Education and the Labor Committee to conduct studies and investigations relating to matters within its jurisdiction. Pages 1480-1481

Freedom Train: Agreed to Senate amendment to H. J. Res. 84, providing for acquisition and operation of the Freedom Train, thus clearing the bill for the White House. The measure authorizes expenditure of 2½ million dollars for this project. Pages 1481-1482

Storm Loans: Passed H. R. 2101, to authorize the Regional Agricultural Credit Corporation of Washington, D. C., to make certain disaster or emergency loans. This measure will enable the Department of Agriculture to provide immediate loan assistance to farmers of all types and stockmen who have suffered from the effects of the unprecedented storm conditions throughout the western United States. H. Res. 110, making in order the consideration of H. R. 2101, was previously adopted by the House. Pages 1482-1493

Program for Tuesday: Adjourned at 4:38 p. m. until 12 o'clock noon, Tuesday, February 22, 1949, when Washington's Farewell Address will be read by Representative Corbett.

Committee Meetings

FARM PRICE SUPPORTS

Committee on Agriculture: Announced that a series of hearings will begin Wednesday, February 23, dealing with agricultural production and price supports. These public hearings will be held by a special subcommittee headed by Representative Pace as chairman. The first subject to be considered will be revisions to the Agricultural Act of 1948, commonly known as the Aiken bill.

SERVICE COMPENSATION—CIA

Committee on Armed Services: Opened hearings on H. R. 2553, armed services pay, allowance, and benefit bill. Secretary of Defense James Forrestal and Charles R. Hook, Chairman, and Lawrence H. Whiting, member, of the Advisory Commission on Service Pay, discussed the legislation.

At a meeting last Friday, Subcommittee No. 3 agreed to favorably report to the full committee H. R. 2663, to provide for the administration of a Central Intelligence Agency. Testifying in support of the bill were Brig. Gen. Edwin Wright, Deputy Director, and Walter Pforzheimer, assistant general counsel, both of the CIA.

RENT CONTROL

Committee on Banking and Currency: Concluded public hearings on H. R. 1731, rent-control extension bill, hearing Eugene M. Zuckert, who testified in favor of continued controls at and near military installations. Housing Expediter Tighe E. Woods returned for questioning on Wednesday, February 23, Members of Congress will be heard on this subject.

CONFIDENTIAL

21 February 1949

Memorandum of meeting of House Armed
Services Committee (Sub-Committee No. 3)
to consider H.R. 2663 -- 81st Congress.

1. The House Armed Services Sub-Committee No. 3 met on 18 February 1949 to consider H.R. 2663, a bill for the administration of the Central Intelligence Agency. Those present were --

Mr. Durham, (D., N.C.) Chairman
Mr. Sasscer, (D., Md.) Vice-Chairman
Mr. Havenner, (D., Cal.)
Mr. Doyle, (D., Cal.)
Mr. Elston, (R., O.)
Mr. Blackney, (R., Mich.)

Mr. J. R. Blandford, professional staff member of the Committee.

The witnesses were Brig. Gen. E. K. Wright, Deputy Director of Central Intelligence, and Mr. Walter L. Pforzheimer, Assistant General Counsel of Central Intelligence.

2. After brief opening statements by the Chairman and the Deputy Director, the bill was considered, section by section, and certain minor amendments were made.

3. In Section 5(a)(3)(A) the term "the United States" was modified to include "its territories and possessions" so that natives of Hawaii, Alaska, Puerto Rico, etc., who were ordered home on leave could be ordered to the United States, its territories and possessions, if such were their home. A similar change was made in Section 5(a)(3)(C).

4. At our request, certain changes were made to tighten up Section 5(a)(4) which will appear in the Committee report. The purpose of the change was to allow the administrative determination to be made by the appropriate subordinate officials of the Agency rather than by the Agency head, and to authorize the payment of the costs of the transportation of automobiles set forth in this Section.

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17 February 1949

Statutes applying to the Central
Intelligence Agency or to which
CIA wishes exceptions.

1. The basic CIA functions are set out in Section 102 of the National Security Act of 1947 (Public Law 253 of the 80th Congress). Section 303 of this Act is also applicable to CIA.

2. Section 3 of H.R. 2663 (page 3, line 12) extends to CIA certain provisions of the Armed Services Procurement Act of 1947. You have a marked copy of this Act, and the explanation of H.R. 2663 indicates in detail what is desired.

3. Section 5 of H.R. 2663 sets forth authorities normally granted to the Department of State under the Foreign Service Act of 1946. The explanation of the proposed CIA legislation which you have indicates the appropriate section of the Foreign Service Act in each instance.

Section 5(a)(1)(A) (page 4, line 12) is taken from Section 911(1) of the Foreign Service Act.

Section 5(a)(1)(B) (page 4, line 17) is taken from Section 911(2) of the Foreign Service Act.

Section 5(a)(1)(C) (page 4, line 23) is taken from Section 911(3) of the Foreign Service Act.

Section 5(a)(1)(D) (page 5, line 4) is taken from Section 911(4) of the Foreign Service Act.

Section 5(a)(1)(E) (page 5, line 11) is taken from Section 911(5) of the Foreign Service Act.

Section 5(a)(1)(F) (page 5, line 17) is taken from Section 911(7) of the Foreign Service Act.

Section 5(a)(2) (page 6, line 3) is similar to Section 106 of Public Law 597 of the 80th Congress (Department of State Appropriation Act, 1949).

Section 5(a)(3) (page 6, line 14) is taken from Sections 931(b) and 933(b) of the Foreign Service Act. 5 U.S.C. 30 (page 6, line 15) provides for the granting of

16 February 1949

MEMORANDUM FOR THE RECORD

1. Discussed S. 961 with General Mudge and Mr. Chambers, of the Senate Armed Services Committee Staff. It was the feeling of these two staff members that it might be possible to eliminate the entire bill and reduce its language to one short paragraph substantially that of Section 7(b) of the present draft. They propose to explore this possibility with Mr. Fisher, General Counsel of the GAO and Mr. Schaub, of the Bureau of the Budget. It was made clear to them action must come from them as we stood behind the bill as written. They propose to explore this approach with members of the House Committee staff as well.

2. I discussed this proposition with the Deputy Director and with the Director. The Director authorized me to negotiate to the fullest extent on this matter. However, he is also anxious that the visa provision be retained in some form.

3. It is pointed out that there will be some difficulties in this connection due to the general authorities requested which do not run to the appropriation and expenditure of funds, but which run in part to the personal liabilities of the agent cashiers in the exchange of funds, the necessity to arm couriers, the right of other agencies to eliminate certain reports regarding agency strength and similar matters, and the transfer of appropriations between departments.

4. In further conference this afternoon with General Mudge, I pointed out the difficulties inherent in his proposal, although agreeing that such a situation would be an excellent one. However, after he discussed the situation with Mr. Schaub at the Bureau of the Budget, he came to the conclusion that we should not attempt at this time such a proposal. On the other hand, Mr. Chambers of the Committee Staff, talked with Roger Jones of the legislative staff of the Bureau of the Budget, who was much in favor of such a proposal. Nevertheless, it was

15 February 1949

Memorandum concerning specific wording
in S. 961 and H.R. 2663, a bill to pro-
vide for the administration of the
Central Intelligence Agency.

1. Section 5(A)(2) of this bill is similar in intent to Section 106 of Public Law 597 of the 80th Congress (Department of State Appropriation Act, 1949).

2. Section 5(A)(5)(a) and 5(A)(5)(c) should be amended by the addition of the word "full-time" prior to the phrase "officer or employee" in these two sections.

3. The word "cost" in the first line of Section 5(A)(6) should read "costs", and the word "the" in line 4 of this Section should be changed to read "his".

4. The word "this" in the first line of the second paragraph of Section 5(A)(7) should be amended to read "such".

5. Section 5(B) provides for cost-of-living allowances and differentials at posts abroad. It is recognized that these should basically be limited to citizens of the United States or aliens residing in the United States who have been sent abroad on Agency business. However, provision should also be made for foreigners employed by the Agency in staff positions abroad provided such foreigners are not employed in their own country. In the latter instance, the payment of such differential would be unnecessary. It is, therefore, recommended that Section 5(B) be amended by the addition, after the word "Agency", of a comma and the following phrase: "other than resident nationals of the country in which their post of duty is located, allowances in accordance with the provisions of Section 901(1) and 901(2) of the Foreign Service Act of 1946."

6. In order to make clear the intent of Section 6(g) that the only laws and regulations which are to be waived are those regarding admissibility of aliens and not those regarding their possible deportation for cause after their admission to this country, it is suggested that the

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